

DOCUMENT RESUME

02963 - [A2033120] (Restricted)

[General Services Administration's Procedures for Disposing of Federal Property]. LCD-77-352; B-101646. July 20, 1977. 2 pp. + enclosure (9 pp.).

Report to Rep. John D. Dingell, Chairman, House Committee on Interstate and Foreign Commerce: Energy and Power Subcommittee; by Elmer B. Staats, Comptroller General.

Issue Area: Facilities and Material Management: Building, Buying, or Leasing Federal Facilities and Equipment (706); Land Use Planning and Control (2300).

Contact: Logistics and Communications Div.

Budget Function: Natural Resources, Environment, and Energy: Conservation and Land Management (302).

Organization Concerned: General Services Administration.

Congressional Relevance: House Committee on Interstate and Foreign Commerce: Energy and Power Subcommittee.

Authority: Federal Property and Administrative Services Act of 1949. P.L. 93-166.

Despite authorizing legislation, the General Services Administration (GSA) has not always promoted maximum utilization of excess land by the executive agencies. In some cases, GSA disposal of land outside the Government led to unnecessary expenditures by the requesting agency, resulted in litigation, and caused uncertainty to an agency which delayed disposal of Federal property. Further, the reduced screening period on certain types of property did not expedite the disposal of property outside the Federal Government. Findings/Conclusions: The denying of a land exchange request by the Air Force adjacent to an Air Force base and a Coast Guard request to consolidate operations in Boston led to increased costs to the Government. In three other cases in which GSA favored disposal of property outside the Government, the results led to (1) litigation, (2) such uncertainty that an agency with excess property will not report it for disposal, and (3) referral to the White House for resolution. Reduced screening time for land disposal relative to two programs for land suitable for parks and recreation and for easing the economic impact of military base closures did not expedite the disposal process in any way. Recommendations: When a Federal agency is denied excess property in favor of disposal outside the Government, the GSA should prepare an explanatory statement for the appropriate congressional committees. Further, deviations from normal screening procedures should be cleared with the cognizant congressional committees before implementation. (DJM)

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by the **COMPTROLLER GENERAL OF THE UNITED STATES**

WASHINGTON, D.C. 20548



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B-101646

JUL 20 1977

The Honorable John D. Dingell, Chairman
Subcommittee on Energy and Power
Committee on Interstate and Foreign Commerce
House of Representatives

Dear Mr. Chairman:

On January 22, 1976, you asked us to review the procedures used by the General Services Administration to dispose of Federal excess and surplus real property. As directed by your office the request was reviewed in two phases. This report is on the second phase of your request--a review of the overall responsibilities of the General Services Administration in disposing of Federal property. Phase one concerned a particular parcel of property located at Charlestown, Rhode Island. We reported on this action on July 29, 1976 (LCD-76-342).

While the thrust of the Federal Property and Administrative Services Act of 1949 is to promote maximum utilization of excess property by the executive agencies, GSA has not consistently followed the intent and purpose of the act. In some instances GSA favored disposing of excess property outside the Federal Government. This has led to the unnecessary expenditure of funds by a requesting agency, resulted in a court action, and caused uncertainty on the part of an agency which had delayed disposal of Federal property.

GSA also reduced the required Federal screening period on certain types of property. The intent was to expedite disposal of property outside the Federal Government to fulfill the objectives of two Presidential programs. In the cases reviewed, we found no evidence that this deviation from normal procedures met its purpose.

These points are discussed in more detail in enclosure I. We recommend that when a Federal agency is denied excess property in favor of disposal outside the Federal Government, the Administrator prepare an explanatory statement for the appropriate congressional committees. We also recommend that deviations from normal screening procedures to be used in a

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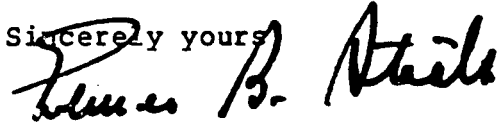
given program be presented and explained to the cognizant congressional committees before they are implemented.

As directed by your office, we did not obtain agency comments on this report; however, we did discuss the report with agency officials.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 14 days from the date of this report. At that time we will send copies to the Administrator of General Services and other interested parties and make copies available to others upon request.

We are currently reviewing the General Services procedures for providing protection and maintenance of surplus real property. We also plan to review the procedures used to assure compliance with the provisions stated in the deeds of property transferred to State and local agencies at less than fair market value for park and recreation use, health or educational uses, and monuments. These reports can be made available to you upon their completion.

Sincerely yours

A handwritten signature in black ink, appearing to read "James B. Starks". The signature is written in a cursive style with a large initial "J" and "S".

Comptroller General
of the United States

Enclosure

GSA PROCEDURES FOR DISPOSING
OF FEDERAL PROPERTY

INTRODUCTION

In a letter to the Comptroller General, dated January 22, 1976, the Chairman of the Subcommittee on Energy and Power, House Committee on Interstate and Foreign Commerce, questioned whether the General Services Administration (GSA) was properly discharging its responsibility under the Federal Property and Administrative Services Act. The Chairman asked us to look into and report on this matter.

The Federal Property and Administrative Services Act of 1949, as amended, directs the Administrator of GSA to prescribe policies and methods to promote maximum utilization of excess property by the executive agencies and to dispose of property no longer needed. These policies and methods are included in the Federal Property Management Regulations.

Property can be transferred from one agency to another when it is no longer required by the holding agency and is needed by another. Under normal procedures, GSA screens excess property against the needs of other Federal agencies and, when another agency needs the property, transfers it to that agency. Property excess to the needs of all Federal agencies is considered surplus and disposed of outside the Government. Surplus property is offered first to State and local governments and then to eligible nonprofit organizations. If none of these organizations need it, it is offered to the public through sealed bids or is sold through negotiation with private parties. GSA representatives stated that, if at any time before disposal a Federal agency has a valid need for all or part of the property, it could be removed from the surplus category and transferred to that agency.

For fiscal year 1976, GSA reported receiving 580 pieces of excess property valued at \$417.5 million. Five hundred and forty of these cases were determined to be surplus. Also during fiscal year 1976, GSA reported that 71 excess properties valued at about \$50.2 million were transferred to other Federal agencies for their use, 175 disposals valued at about \$86.2 million were sold for \$39.4 million, and 160 properties valued at about \$65.7 million were assigned to Federal agencies for transfer to State and local agencies.

AUTHORITY OF GENERAL SERVICES ADMINISTRATOR

The act gives the Administrator broad authority to dispose of excess and surplus Federal property. Our study of the act's legislative history suggests at least three questions which must generally be answered in the negative before a Federal agency's assertion of need can be rejected and property can be declared surplus.

1. Will the requesting agency be required to purchase other property at greater cost to the Government than the value of the excess property available to satisfy the agency's need?

2. Does the requesting agency need the property to carry out its program responsibilities by the method it chooses, and is there no cheaper or adequate alternative property available?

3. Considering all facts and circumstances of the particular case would the Government receive any economic advantage by using the property itself rather than selling or donating the property?

After property has been declared surplus, the Administrator, at his discretion, can choose the method of disposal and the recipient of the property. Under certain circumstances surplus property may be donated to public bodies or sold through negotiation with private parties. Such competition as is feasible is required for the sale of surplus property.

Subject to certain exceptions, the act 1/ requires that:

"* * * an explanatory statement of the circumstances of each disposal by negotiation of any real or personal property having a fair market value in excess of \$1,000 shall be prepared. Each such statement shall be transmitted to the appropriate committees of the Congress in advance of such disposal, and a copy thereof shall be preserved in the files of the executive agency making such disposal."

1/The Federal Property and Administrative Services Act of 1949, as amended, sec. 203(e)(6).

The Federal Property Management Regulations state that, in the absence of adverse comment by an appropriate committee or subcommittee of the Congress on the proposed negotiated disposal, the disposing agency may consummate the sale after 35 days from the date the Administrator of General Services transmits the explanatory statement to the committees.

GSA ORGANIZATION

GSA has a Central Office in Washington, D.C., and 10 regional offices located throughout the continental United States. Regional administrators have been delegated authority to carry out GSA responsibilities in their respective regions and report directly to the Administrator of GSA.

GSA's Office of Real Property, Public Buildings Service, is responsible for disposing of excess and surplus real property and identifying real property which is not being utilized, is underutilized, or is not being put to optimum use.

SCOPE OF REVIEW

We reviewed real property disposal records at GSA's Central Office in Washington and at the regional offices in Boston, Massachusetts; Atlanta, Georgia; and Fort Worth, Texas.

We interviewed GSA officials and reviewed statutes, policies, procedures, and practices for the disposal of excess and surplus real property. We also contacted various Federal agencies that had requested excess property from GSA.

EMPHASIS ON DISPOSALS OUTSIDE THE GOVERNMENT

GSA seems to favor turning over Federal property to activities outside the Government. Sometimes, GSA's denials of Federal agency requests for excess property have resulted in the unnecessary expenditure of funds by the requesting agency.

Because of a Presidential program--Legacy of Parks--and a request from the President's Economic Adjustment Committee, the Administrator reduced the screening period for excess property available to Federal agencies. This was intended to expedite the disposal of certain types of property to local governments and agencies. However, we found that reducing the screening period did not accomplish

its purpose. These programs may have been influential in GSA's denial of Federal agencies' requests for property.

Denials of Federal agencies' requests
for excess property

In GSA region 4, the Air Force in March 1976 requested 80 acres of excess land at the former Richmond Naval Air Station, Florida, to be used in an exchange to obtain flight easements from private landowners near Homestead Air Force Base, Florida. These easements were needed to carry out the Air Installations Compatible Use Zone program. This Defense Department program is to foster land use planning in high-risk and high-noise areas surrounding military air installations.

In its request the Air Force, through the Army Corps of Engineers, told GSA that the owners of land at Homestead had plans for industrial use of the property. The Air Force stated that, if these easements had to be acquired the right of eminent domain would have to be exercised. The Air Force believed this could be prevented through exchanges for portions of the Richmond Naval Air Station excess acreage.

In denying the request, GSA said the proposed exchange for flight easements did not conform to its exchange policy and it would not entertain any request which contemplated this type of action. According to GSA the basis of the denial was the policy which prohibited third-party or forced exchanges.

Although we agree that this is generally a sound policy, the decision in this case may not have been in the best interest of the Government and may hamper future Air Force efforts to carry out the Air Installations Compatible Use Zone program. Congress supports this program through Public Law 93-166, dated November 29, 1973. During fiscal years 1973 and 1974, the Congress authorized land acquisition projects for \$30 million at 16 Air Force installations, primarily through exchanges of excess Government land. In fiscal year 1976, the Congress extended the Air Force authorizations of \$30 million to January 1978. Also in January 1976, the House Armed Services Committee approved the acquisition of the necessary flight easements for the Homestead portion of the program.

Since this denial, the Corps of Engineers, acting for the Air Force, has spent \$513,000 to acquire land

and easements for the Homestead property. As of October 31, 1976, the 80 acres requested by the Air Force was still in GSA inventory.

In GSA region 1, the U.S. Coast Guard requested 48 acres of the 168-acre South Boston Naval Annex (Boston Naval Shipyard) to consolidate operations of the First Coast Guard District. GSA denied the Coast Guard's request in order to negotiate a sale of the property in its entirety to the City of Boston, hoping this sale would result in the "creation of sorely-needed jobs and the generation of tax revenue."

The fair market value of the property as of March 31, 1976, was appraised at \$4.29 million.

Representatives of the Coast Guard stated that, because the Coast Guard was denied the 48 acres, the following unnecessary costs were estimated.

--\$489,682 annually to continue renting space.

--\$241,000 additional annual operation and maintenance costs.

--\$3.7 million in one-time costs to renovate a building.

Most of these costs were reported to GSA by the Coast Guard in its request for transfer. On June 14, 1977, this sale was made for \$4.7 million to the City of Boston.

Other denials

In three other cases where GSA favored disposal of property outside the Federal Government, the results led to: (1) a court action (2) such uncertainty that an agency that has excess property in its control will not report it to GSA for disposal and (3) the case being referred to the White House for final disposition.

The Fish and Wildlife Service in 1974 requested a portion of the Navy's Auxiliary Landing Field in Charlestown, Rhode Island, for use in its migratory bird program. The request was denied in order to sell the property to a utility company as a site for a nuclear generating plant. This decision was unpopular with some local residents who filed suit against GSA in December 1974 to stop the sale. The court ordered the sale delayed until GSA prepared a complete environmental impact statement. As of June 30, 1977, the case was still before the court and the impact statement had not been prepared.

We reported on this case in July 1976 (LCD-76-342). Our report concluded that GSA had not adequately described the property when first making it available to other Federal agencies nor adequately determined whether an executive agency need existed before declaring the property surplus.

In another case the Navy originally owned about 184 acres of land next to a national wildlife refuge at Sachuest Point, Rhode Island. The land was subsequently divided into three parcels of 32, 50, and 102 acres, and two of these, the 32-acre and the 50-acre parcels, were declared excess and disposed of.

The Navy declared the 32-acre parcel excess to GSA along with other property in the area. GSA screened the property and determined it surplus because there was no Federal agency request for it. When the Fish and Wildlife Service became aware that the 32 acres were at Sachuest Point, it requested the property for inclusion in the wildlife reserve. GSA informed the Service, however, that it was reluctant to transfer the property to the Service since the town of Middletown had expressed interest in obtaining it. GSA subsequently filed an environmental impact assessment on the total 184 acres of Navy property. This assessment proposed giving the town of Middletown the 32-acre parcel plus 25 to 30 acres of the 102-acre parcel and to give the Service the 50-acre parcel plus the remainder of the 102-acre parcel. The Service objected saying that it needed all of the 184 acres and that, by filing disposal plans for property not yet reported excess, GSA was not fulfilling its responsibilities under the act.

The 32-acre parcel was transferred to the town of Middletown on July 1, 1976.

When the Navy reported the 50 acres excess to GSA, the Fish and Wildlife Service requested information on its disposal. GSA said it had not promised the 50 acres to the Service and was considering the transfer of the property to the town of Middletown. However, in August 1976 GSA authorized the Navy to transfer the 50 acres to the Service.

The Service opposed GSA's plan to transfer a part of the remaining 102-acre parcel to the town of Middletown. In April 1976 the Service entered into a use agreement with the Navy for exclusive use of the 102 acres for 20 years. GSA has declared that this use agreement is not legal and will not be honored when the property is reported excess.

Our May 1977 report (LCD-77-344) on this case concluded that none of the agencies in these transactions appeared to have observed a principal objective of the Federal Property and Administrative Services Act of 1949, which is to promote maximum use of Federal property and the orderly disposition of excess property. We recommended that GSA should officially notify the town of Middletown that disposition to other parties cannot be considered unless and until a determination is made that there is no Federal need for the 102-acre parcel and that GSA should follow normal disposal procedures if it is declared excess by the Department of Defense.

Another case concerns 19,000 acres the Air Force declared excess on Matagorda Island, Texas. The Fish and Wildlife Service requested all 19,000 acres to protect the feeding grounds of the whooping crane. The Assistant Secretary of the Interior said that, if this land was disposed of outside the Government, Interior would acquire it. GSA decided to give about 6,700 acres to the Service and sell 12,000 acres to the State of Texas for parks and recreation. However, so much pressure has been applied, from environmental groups in favor of the Service getting it all and from the State to complete the transaction as suggested, that GSA has referred the decision to the White House for final disposition. At the end of our review, no disposition had been made on this property.

Disposal procedures changed to
facilitate disposal of property
outside the Federal Government

Property management regulations require that GSA under normal procedures screen excess Federal property through the executive agencies for a period of 30 days. During our review we found two programs which altered this requirement. These were initiated by a Presidential program and a request from the President's Economic Adjustment Committee. Both programs were intended, in part, to expedite disposal of surplus Federal property.

The first, the Legacy of Parks program which was introduced by President Nixon in 1971, had as one objective turning Federal surplus property suitable for parks and recreation over to State and local governments. To expedite the disposal of property for this program, GSA reduced the Federal screening period for such property from 30 days to 7.

In the other program the President's Economic Adjustment Committee requested that GSA expedite the disposal of properties resulting from Department of Defense base closures so that they could be turned into productive properties to help relieve the economic impact on the affected areas. GSA reduced the Federal screening period to 10 days.

In each of the above programs, the intent was to expedite the disposal of Federal property so that it could be used for a purpose outside the Government. Although these programs may have influenced GSA's denial of Federal agencies' requests for property, we found no evidence that the procedures used by GSA in any way expedited the disposal of the surplus property.

The Defense Supply Agency informally requested about 1 million square feet of the former Naval Ammunitions Depot, Hingham, Massachusetts, for use as storage space. GSA informed the Defense Supply Agency that the requested property had been selected for the Legacy of Parks program and had been turned over to the White House for final disposition. A GSA official told us that it was not uncommon for GSA to deny informal requests from Federal agencies for excess property.

The U.S. Coast Guard requested a portion of the South Boston Naval Annex (see p. 5) when it was determined excess to the needs of the Departments of Navy and Defense. A Department of Transportation official stated that he believed GSA denied the request for the excess property because of the Office of Economic Adjustment intervention on behalf of the City of Boston.

CONCLUSIONS

While the thrust of the Federal Property and Administrative Services Act of 1949 is to promote maximum utilization of excess property by executive agencies, GSA has not consistently followed the intent and purpose of the act. In some instances GSA has favored the disposal of excess property outside the Federal Government. This has led to the unnecessary expenditure of funds by a requesting agency, resulted in a court action, and caused uncertainty on the part of an agency which had delayed disposal of Federal property.

GSA also reduced the required Federal screening period on certain types of property. The intent was to expedite disposal of property outside the Federal Government to

fulfill the objectives of two Presidential programs. In the cases reviewed, we found no evidence that this deviation from formal procedures met its purpose.

RECOMMENDATIONS

When a Federal agency is denied excess property in favor of disposal outside the Federal Government, we recommend that the Administrator prepare an explanatory statement for the appropriate congressional committees explaining his decision in the same manner as required for negotiated sales, as discussed on page 2.

We recommend further that deviations from normal screening procedures to be used in a given program be presented and explained to the cognizant congressional committees before they are implemented.